

Alcohol and Tobacco Tax and Trade Bureau, Treasury

§ 19.980

incurred or fines imposed for violations of any such provisions.

(Sec. 805(c), Pub. L. 96-39, 93 Stat. 276 (26 U.S.C. 5173); sec. 232, Pub. L. 96-223, 94 Stat. 278 (26 U.S.C. 5181))

§ 19.959 Additional provisions with respect to bonds.

Subpart H of this part contains further provisions applicable to bonds which, where not inconsistent with this subpart, are applicable to bonds of alcohol fuel plants.

CONSTRUCTION, EQUIPMENT AND SECURITY

§ 19.965 Construction and equipment.

Buildings and enclosures where distilled spirits will be produced, processed, or stored shall be constructed and arranged to enable the proprietor to maintain security adequate to deter diversion of the spirits. Distilling equipment shall be constructed to prevent unauthorized removal of spirits, from the point where distilled spirits come into existence until production is complete and the quantity of spirits has been determined. Tanks and other vessels for containing spirits shall be equipped for locking and be constructed to allow for determining the quantities of spirits therein.

(Sec. 201, Pub. L. 85-859, 72 Stat. 1353, as amended (26 U.S.C. 5178))

§ 19.966 Security.

Proprietors shall provide security adequate to deter the unauthorized removal of spirits. The proprietor shall store spirits either in a building, a storage tank, or within an enclosure, which the proprietor will keep locked when operations are not being conducted.

(Sec. 201, Pub. L. 85-859, 72 Stat. 1353, as amended (26 U.S.C. 5178); sec. 806, Pub. L. 96-39, 93 Stat. 279 (26 U.S.C. 5202))

§ 19.967 Additional security.

If the regional director (compliance) finds that security is inadequate to deter diversion of the spirits, as may be evidenced by the occurrence of break-ins or by diversion of spirits to unauthorized purposes, additional security measures may be required. Such addi-

tional measures may include, but are not limited to, the following:

- (a) The erection of a fence around the plant or the alcohol storage facility;
- (b) Flood lights;
- (c) Alarm systems;
- (d) Watchman services; or,
- (e) Locked or barred windows.

The exact additional security requirements would depend on the extent of the security problems, the volume of alcohol produced, the risk to tax revenue, and safety requirements.

(Sec. 201, Pub. L. 85-859, 72 Stat. 1353, as amended (26 U.S.C. 5178); sec. 806, Pub. L. 96-39, 93 Stat. 279 (26 U.S.C. 5202))

SUPERVISION

§ 19.970 Supervision of operations.

The regional director (compliance) may assign ATF officers to premises of plants qualified under this subpart. The authorities of ATF officers, provided in §§ 19.81 through 19.84, and the requirement that proprietors furnish facilities and assistance to ATF officers, provided in § 19.86, apply to plants qualified under this subpart. The provisions of § 19.75 of this part pertaining to the assignment of ATF officers and hours of operation, to the extent deemed necessary by the regional director (compliance), are applicable to plants qualified under this subpart.

(Sec. 201, Pub. L. 85-859, 72 Stat. 1320, as amended, 1356, as amended, 1357, as amended, 1358, as amended, 1375, as amended, 1396, as amended (26 U.S.C. 5006, 5201, 5203, 5204, 5213, 5555); sec. 806, Pub. L. 96-39, 93 Stat. 279 (26 U.S.C. 5202); sec. 807, Pub. L. 96-39, 93 Stat. 284 (26 U.S.C. 5207))

ACCOUNTING FOR SPIRITS

§ 19.980 Gauging.

(a) *Equipment and method.* Proprietors shall gauge spirits by accurately determining the proof and quantity of spirits. The proof of the spirits shall be determined using a glass cylinder, hydrometer, and thermometer. Proprietors may account for fuel alcohol in wine gallons. Unless proprietors desire to do so, it is not necessary to determine the proof of fuel alcohol manufactured, on-hand, or removed. The Proprietor may determine quantity either